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Transition practices in HRM functions: A review

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Abstract

Crossing a decade of the 21st century, the paradigm of Human Resources is seen evolving with the strategic gene induced into it. There seems to be a radical shift descending as the corporate sector calls on its HR team to become strategic rather than administrative. This transferal eventually requires the metrics employed by these HR teams not to be just operationally reactive but to be aligned to evidence-based strategic thinking. On realizing the trend for a prescriptive metric model for effective HR analytics, this study has designed a conceptual framework for a basic metric model that assists IT-HRM professionals in transitioning a practice of evidence-based decision-making to enhance organizational performance.

Keywords: Evidence-based HR, HR analytics, IT sector, metric model, strategic HR practices

Introduction

In the 21st-century organization, human resources—the people within an organization—are one of the primary means of creating a competitive advantage for the organization, because the management of human resources affects performance (Bal, 2011). Human resources have started to be seen as an inimitable and most valuable factor for organizations to gain competitive advantage. With this perspective, the new HRM requires being a strategic partner in the organization by aligning all the HR functions with the mission, vision and strategies of the organization. The definition of strategic HRM highlights two critical dimensions that distinguish it from traditional HRM. Vertically, it links HR practices with the strategic management process of the firm and horizontally, it emphasizes that HR practices are integrated and support each other (Anderson, Cooper and Zhu, 2007). By the effect of this strategic shift, human resource planners started to learn the language and techniques of strategic planning, assumed a more

proactive stance in promoting strategic thinking in the human resources area and extended the personnel function well beyond the limits of its traditional activities (Miles and Snow, 1984). Thus, with the various functions of HRM being designed in a way to reflect the strategic alignment with the organizational performance, it becomes eventually essential to lay down measures that are quantified by the extent that endeavours are successful, for the HR metrics become a piece of underpinning evidence (Young, 2007). HR metrics, when coupled with an evidence-based approach towards HR practices, provide a scientific insight into how the human capital is leveraged to reap business profits.

IT-HRM: In the present scenario of the IT industry, it is more competitive than ever. Companies must manage the twin pressures of globalization and rapid technological change and at the same time, maintain an edge over their competition. Primarily, IT firms qualify under knowledge organizations. Innovative practices in design, development and delivery of services; responsiveness to customer issues; and trusted relationships with the customer's organization are the three differentiators for knowledge organizations (Chintalapati, 2013). These differentiators require Human Resources (HR) with the required competence, experience, capabilities

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and motivation. The competitive advantage derived through HR needs sustenance that requires benchmarking of the HR practices and resources with the best competition.

Evidence-based human resources

Based on the readings from the primer consolidated by Gibbons and Woock (2007) and published by the Conference Board, evidence-based practice is a radical change from management and HR 'as usual.' It entails redoubling the efforts to do the known works and to develop critical judgment in making decisions that impact the well-being of many organizations and employees. It applies scientific standards of causality to demonstrate how intangible human capital is observed and shown to add tangible business results. It also means making decisions, promoting practices and advising the organization's leadership through the conscientious combination of four sources of information: the best available scientific evidence; reliable and valid organizational facts, metrics and assessments; practitioner reflection and judgment; and the concerns of affected stakeholders. With this option in hand, the need to rethink conventional HR practice is urgent.

As the supporting, a recent publication by Dobson (2012) also avows the same while there is a belief in HR that if you give smart leaders few numbers like a high turnover rate or low engagement scores, somehow they will know what to make of them (Lawler and Boudreau, 2009). However, these are just the symptoms; the real cause lies somewhere else. It is about connecting these data to issues that are fundamental to the organizations. So, Dobson (2012) declares that the next-generation HR should go further by embedding analytical discipline and sophisticated systems thinking culture, thereby creating the kind of understanding that drives better strategies and better workplace outcomes. Moreover, to attain this level, Dobson (2012) proclaims, evidence-based approach is the solution for HR professionals looking to go strategic. Among the five principles of evidence-based change put across, logic-driven analytics is the first-most principle, according to Boudreau and Jesuthasan (2011), co-authors of *Transformative HR: How Great Companies Use Evidence-based Change for Sustainable Advantage*.

HR metrics and analytics

Most fundamentally, 'what' HR analytics is about is taking an evidence-based approach to management. Concerning metrics and analytics, Boudreau and Lawler did another study in 2009 that delved into the three categories of information and analytics that HR uses: efficiency, effectiveness and impact. Efficiency measures the relationship among resources that HR uses, and the programs and practices that it creates. Effectiveness measures the relationship between HR programs and their effects on those that receive them. Impact measures the relationship between the effects of HR programs and the crucial elements of business success. A complete measurement model should include elements of all three categories. Fig 1(Capital, 2012) is an image designed by Bersin and Associates that portrays the essential stages of maturity in an HR analytics framework.

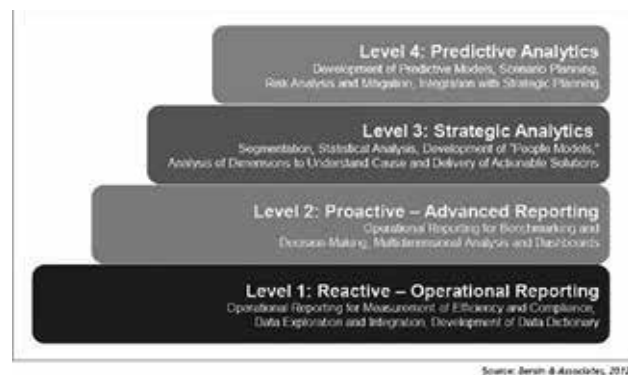


Figure 1: HR Analytics Maturity Model Bersin & Associates (2012)

Problem statement and purpose of the study

With the 21st century witnessing a plethora of studies carried in HR analytics for strategic effectiveness, many do talk about laying down metrics to understand the cause and delivery of actionable solutions but get lost because the issues are confusing. What to measure? How to measure it? When to measure? Where to measure? These questions make the measurement of HR difficult. Nowhere is this problem more prevalent than in an IT sector where the quality of people resources underpins the strategic success of a firm.

Purpose: Coming to terms with this issue currently faced by the IT industry in measuring the effectiveness of their human capital, this study has been carried out to develop a basic HR metric model

that showcases the various essential metrics that an IT firm could measure to adopt an evidence-based HRM successfully.

Basic metric model (EBHR)–Conceptual framework: With the measurement model for workforce analytics defined earlier regarding Lawler and Boudreau (2011), it was attempted to unearth the elements that HR could measure and prove their impact on the business strategy. In answer to that, the study conducted by Jamrog and Overholt (2005) was considered. They have endeavored to contemplate on the current HR paradigm and the contribution of HR metrics towards aligning the HR practices with the business strategy. They identify five connected elements for assessing employees' alignment to the business strategy:

1. Strategic cohesiveness,
2. Customer focus,
3. Leadership,
4. Performance, and
5. Culture.

The authors Weiss and Finn (2005) have also concluded the same with their survey from 246 HR professionals and business leaders in the United Kingdom and Canada. He says that the metrics of today only inform rather than drive strategy. Next, the metrics will need to drive strategy. He has further identified the list of HCM measures that organizations may have to report on in the future. The most preferred measures were leadership team capability, effective change programs, employee competency and motivation. Now, on comparing David's conclusions with the earlier suggestions given by Jamrog and Overholt (2005), we find that both of them have, more or less, put forth the same elements that the HR may have to pay attention to, in the future. An elite article by Bassi and McMurrer (2006) again outlines the same elements, more or less, and names them as the Five Human Capital Drivers that are vital for the business performance of any organization. The drivers are Leadership practices, Employee engagement, Knowledge accessibility, Workforce optimization and Learning capacity.

Concept and methodology: 'Basic metric model – EBHR' embraces the same drivers considered staple

by Bassi and McMurrer (2006) as a referential basis to finalize the list of HR metrics that would comprise the model, as the elements were crisp and pronounced. Thus, the HR metrics have been consolidated and presented on a suggestive pattern, with the help of the aforementioned human capital drivers' path of trajectory could be trailed effectively with numbers that serve as proof for HR decisions, eventually engendering a culture of evidence-based decision making.

Over and above it, the model has been discussed with seven IT-HRM professionals to elicit their expert opinion. While meeting up with the IT-HRM professionals, each of them was requested to review and rate the metrics on a scale of five based on its importance for practicing evidence-based HRM, five being the highest and one being the lowest in importance. The aggregate scores are a basis for determining the importance level of the HR metrics. Post analysis of the scores, metrics that have been acknowledged as least esteemed by the professionals' stands rejected and eliminated from the model.

Model explanation

HR driver 1

Leadership practices: Barrow (1977) defines leadership as 'the behavioural process of influencing individuals or groups towards set goals.' The little meaning stands tall enough to prove that leadership plays a pivotal role in directing the firm headway into the strategic growth and exemplary performance. In the words of Jac Fitz-enz, also known as the father of human capital performance benchmarking, people say intangibles like leadership are not measurable as it is invisible. However, it is not true; it is observed in the change in human behaviour. So, to measure something like leadership, a survey from the subordinate to compile quantifiable data is done in some cases on a rating scale on individual leadership capabilities. Thus, it determines whether or not the leadership capabilities are present in the person is measured (Young, 2007).

Having established that leadership is an essential driver for strategic success, it indeed becomes indispensable that the strength of leadership practices in a firm is observed and measured

by the HR department. The following are few measures suggested through those HR professionals for assessing the leadership capability in their organization (Consolidated with the expert scores in Table 1).

Table 1: Scores for leadership practices metrics

HR Metric	Scores by Experts	Aggregate	Decision
360° Feedback System Ratio of ideas	3,4,4,4,3,4,3	25	✓
Implemented to Suggestions	3,3,4,3,4,2,4	23	✓
Interaction Ratio	3,3,3,4,2,3,4	22	✓
Management Ratio	3,3,3,4,3,2,2	20	✓
Decision: Meeting Ratio	3,2,2,2,3,2,2	16	✗

360° feedback system: 360-degree feedback is a process for providing a person with structured feedback from a group of people who have a range of different perspectives. For example, a manager may receive feedback on the leadership, communication and planning and organizing capabilities from their direct reports from peers, their own manager and possibly internal and external customers. Within the purview of the IT sector, this multi-rater feedback system is systemized effectively as the firms have full-fledged computing abilities. Therefore, this feedback system is carried out electronically through the company’s intranet.

Organizations that implement 360 feedback processes effectively, generally link it to a specific business need, get top management buy-in, and provide ongoing support and follow-up. It is also recommended that when first implementing 360 feedback systems, it has to be done for developmental rather than evaluative purposes (Thach, 2002). When the talent for leading the organization is spotted, the feedback system gradually is upgraded to an evaluative framework at the senior management level.

The ratio of ideas implemented in suggestions: In this challenging economy, enterprises and small businesses need to keep employee morale, motivation, initiative, productivity and retention at a higher pedestal. As decades rollover, the employees’ expectations are also evolving into more significant

needs, as they look to be a part of a more exceptional picture and are ready to do anything to help the organization to be successful in their endeavor. To manage this dynamic and demanding workforce, it is vital that the leaders of any organization listen to those employees who are jet-packed with ideas. While loads of employee suggestion schemes are in place in many firms, the next stage of the process is often forgotten or ignored: How many of those useful ideas have got implemented in reality and the employees are recognized for their contributions? Keeping a tab on these critical observations helps to understand the effectiveness.

Interaction ratio: A developmental milestone is reached when the leader builds trust and motivation with their employees to the degree that they are willing to openly follow their direction regardless of circumstances. The practice of interactive leadership provides leaders with a distinct set of advantages that cannot be realized without their active presence. It is built upon open communication and the ability of leaders to actively listen and respond to feedback and ideas offered by subordinates (Interactive leadership, 2012). When leaders are ever-present and actively interacting with their employees, they are also able to identify and remove frustrations and barriers impeding forward movement. So, laying down measures to monitor the level of interaction between the front-runners and the employees helps the HR professionals to understand the effect of leadership practices on organizational performance.

Management ratio: Management ratio is the metric to convey the number of direct reporters for each superior at the senior management level, i.e., the span of control. Examining the chains of command flowing in the organizational structure and making sure that the span of control for each senior manager does not exceed an optimum level that is essential to avoid unwanted communication overlaps.

Decision: Meeting ratio: It is the number of decisions taken against the number of sittings at the senior manager level, and checks the decision-making acumen of the leaders in a firm and also provides the HR manager with a focused view on proper time management by the C-Suite of the organization. Table I shows the scores given by the IT-HRM experts. From Table 1, it is evident that according to corporate experts, implementing a 360° feedback system

would be a useful way to measure the effectiveness of leadership practices in an organization. Experts also feel that finding the Decision: Meeting ratio would be a tad confusing as several meetings happen daily and classifying the same as decisive and non-decisive is not easy.

Moreover, the managers would rate every meeting as decisive, if asked to do so. Therefore, the cumulative score for the metric has come up to only 16. As this metric has been rated very low in importance and the impracticality in measuring the same, Decision: Meeting ratio stands eliminated from the model, unless it applies in a customized way to anyone firm in particular.

HR driver 2

Employee engagement: Employee engagement refers to a state where the employees become immersed in their work activities and are emotionally attached to their organization. Kahn (1990) defines employee engagement as 'the harnessing of organization members' selves to their work roles. An 'engaged employee' is one who is enthusiastic in, and fully involved about his/her work, and will, therefore, involve fitting into the organization's situational need whenever possible, by employing himself/herself physically, cognitively and emotionally in the role performance.

1) Employee engagement survey: Engagement surveys drive the change that leads to business improvement. When employees see that their suggestions are acted upon, their engagement increases, increased engagement leads to better performance and decreased turnover, according to PwC CEO, Chris Dustin (further read from-Tysiac, 2013). Organizations that keep engagement data combine it with other data to create predictive analytics which leads to sophisticated workforce planning and pre-emptive interventions. As surveys accumulate over the years, there also is an opportunity to aggregate them and consider them in conjunction with other data to create predictive analytics.

Engagement survey data is a combination of onboarding and exit survey data, recruiting data, other HR data, learning and management data, customer survey data and macroeconomic or

industry data to put together an analytic data set. Analytics is used to predict performance, turnover, quality of hire and other outputs based on the data.

2) The average length of service: When employees stay with an organization for considerably longer periods, it is safe to claim confidently that there is a high engagement level among the workforce. Calculating the average length of service by aggregating the tenure periods of all employees to convey how long an employee stays with the organization on an average. This measure is further be correlated with the retention rate of the organization to see whether the employees are not only retained but also, they are retained for longer periods.

3) Employee retention rate: This rate is calculated to understand the percentage of employees staying with the organization in a particular year. The formula for employee retention rate (Luketic and Cook (2014)) is:

$$\frac{\text{No. of employees present (above one year of experience)}}{\text{Average no. of employees for the period}} \times 100$$

4) Voluntary turnover rate: A quarterly check on the voluntary turnover rates of the organization will give the HR department an idea regarding the reasons why their employees resign their jobs, other than voluntary retirements. Voluntary turnover rate is the number of employees who leave the organization voluntarily as a percentage of headcount and is calculated by :

$$\frac{\text{Resignations + Retirements}}{\text{Headcount}}$$

5) Employee absenteeism rate: It is a common acceptance that an organization seriously lacks something when the absenteeism rates of the employees rocket up. Any employee, when he/she is happy with his job, always finds every day as an opportunity to come to the office. Therefore, a high absenteeism rate is rather a good straightforward method of the employees to communicate their disengagement with the organization.

6) A number of suggestions given by employee per year: An organization always experiences an unmistakable increase in the influx of suggestions

from employees when they are happy with the role they play in the organization. That being the case, IT-HR managers scan the quantum of suggestions given by the employees in that particular year to assess whether the involvement levels have been on the higher side.

7) Questions asked per month on a Q and A/discussion forum: As the study is specially focused in exploring the opportunities for IT-HR managers to adopt evidence-based practices, there is a greater chance that an IT firm that has a minimum of at least 100 employees would surely own its intranet computing facilities. Therefore, reviewing the number of questions asked by the employees over the discussion forums facilitated by the intranet may also be a useful measure to estimate engagement levels.

8) Answers per question on a Q and A/discussion forum: On the other hand, looking into the answers that come up in responses to the questions put up on the forum is an effective way to determine the awareness levels of employees regarding the firm's way of working.

9) Percentage of employees visiting the intranet weekly: A social intranet's fundamental value is that it gives every employee a face and a voice (McGrath & Freed, 2012). This shift in internal communications results in a show of respect and trust that fosters meaningful and lasting improvements in employee satisfaction. Thence, computing the percentage of the employees who visit the intranet in a week/month would give an overall idea about whether the employee is actively engaged or at a superficial level.

10) Several collaborative contributions to knowledge base per month: By basics, IT firms are primarily knowledge organizations. Being that, it becomes imperative that the firm creates, manages and frequently updates its knowledge base online, for its employees to access in case of any query in delivering the software services. This base of knowledge resources is made possible only if the employees start contributing to bringing in collective intelligence. For instance, companies like Cognizant encourage employees for their teams and collaborate to generate academic literature for addition to the firm's knowledge base. Thence,

monitoring the quantum of employee contributions to this knowledge base will help the HR professionals to analyze the engagement levels that employees show online critically.

11) First-year resignation rate: This means the percentage of employees who have left the organization within the first year of employment. This metric may show the level of interest among the employees to stay with the organization.

12) Employee referral percentage: An engaged employee in an organization is a source of new information that is always looking for ways to contribute to the organization. Thus, whenever an employee is happy with his prospects in a firm, there is a big chance that he/she also recommends that employer to his/her acquaintances. Employee referral percentage is one such metric that weighs the number the new hires that have joined the organization because of an internal employee referral without this indicates a serious lack of engagement on the part of employees.

From Table 2, it is inferred that Engagement surveys are quickly gaining popularity. With a cumulative score of 29, they have been rated high in importance by every HR professional consulted. The few more metrics with good ratings are absenteeism rate, number of suggestions given by employees in a year, questions asked by employees over an online discussion forum, collaborative contributions to the firm's knowledge base, and employee referral percentage. The average rating for all engagement metrics put together comes to around 22. While voluntary turnover rate and first-year resignation have been rated 19, intranet hits and answers per question on discussion forum score only 15 and 16 respectively, that is far behind the average rating of 22 and is because professionals state that the employees could be visiting the intranet for several reasons and it may not capture the essence of engagement. Moreover, IT firms under SMEs may not have an intranet. For answers per question on the forum, they say the answers may be relevant at times.

HR driver 3

Knowledge accessibility: Sir Francis Bacon once said, "Knowledge is power." In today's dynamic

environment, arguably knowledge is power only in case it is accessed and learned to enhance individual and organization performance. Knowledge is taken the place of capital as the driving force in organizations. The most valuable assets for the twenty-first century are knowledge workers and their productivity (Drucker, 1999). Knowledge management (KM) is “a conscious strategy of getting the right knowledge to the right people at the right time and helping people share and put information into action in ways that strive to improve organizational performance”(Li *et al.*, 2009).

Recent business literature has also emphasized on the creation of the “learning organization,” an environment in the organization’s success is dependent on its ability to continually adapt and learn (Senge, 1990). The field of strategic management argues that learning is a “dynamic capability,” an internal process unique to the organization that differentiates a firm from its competitors.

1) Learning and development investment per FTE: Organizations in India that focus on maximizing employee contribution to business growth are better positioned for growth, according to PwC Saratoga India survey 2010 on human capital effectiveness and the best way to impart knowledge to an employee is to train and develop (www.saratogapwc.co.uk). For the employees to learn new things that would eventually help the organization, it is necessary that the organization takes the first step, i.e., invest generously in L and D initiatives. This simple metric is used by the HR professionals to show to the top

management how the company has benefitted and benefits in developing and harnessing the ability of the human capital in the firm is by calculating.

$$\text{RoI} = \frac{\frac{\text{Learning and Development Cost}}{\text{FTE}}}{\frac{\text{L \& D Cost}}{\text{Revenue per Employee}}}$$

2) Learning and development hours per FTE:

This metric is used to ascertain the amount of time an organization is ready to expose its employees to learning and development initiatives.

Formula: Learning and Development Hours/FTE.

3) Availability of Personal Development Plan (PDP) for every employee:

Looking forward and planning for the future, a PDP sets for employees will help them to progress faster in their career path ratio with a well-charted out plan set against with aims and objectives. It must include resources required, success criteria, and target dates for review and completion.

4) Average reading hours in an employee’s PDP:

After having ensured that there is a PDP for every employee, the HR professionals look into whether the employees have a bunch of reading hours as an activity to be completed and are due reading habits known to increase the concentration and cognition ability of a human. The material read can either be technical literature about the job nature or others.

Table 2: Employee engagement metrics

HR Metric	Scores	Aggregate	Decision
Employee Engagement Survey	3,4,4,4,4,5,5	29	✓
Average Length of Service	3,3,3,3,3,3,3	21	✓
Employee Retention Rate	3,3,3,3,3,4,3	22	✓
Voluntary Turnover Rate	3,2,3,3,2,3,3	19	✓
Employee Absenteeism Rate	3,4,4,3,4,4,4	26	✓
Number of Suggestions given by employees per year	3,4,4,4,4,4,3	26	✓
Questions asked per month on a Q&A/discussion forum	4,4,3,3,4,4,3	25	✓
Answers per question on a Q&A/discussion forum	3,3,2,2,2,2,2	16	✗
Percentage of employees visiting the intranet weekly	2,2,2,3,2,2,2	15	✗
No. of collaborative contributions to knowledge base per month	3,4,4,4,4,3,4	26	✓
First Year Resignation Rate	3,2,2,3,3,3,3	19	✓
Employee Referral Percentage	3,4,4,4,3,3,4	25	✓

5) A number of bulletins distributed to employees: Observing whether there is a corridor culture of printing and publishing its bulletin is another scale with the HR manager appraising whether the company takes considerable efforts to make knowledge easily accessible to its employees.

6) Several mentoring and coaching relationships: Mentoring is the download of knowledge, skills, information, and perspective on a particular topic or area from a typically more senior/knowledgeable person to another and is useful in the following situations (Handa, Gupta S., 2011). Both mentoring and coaching provide organizations with powerful and cost-effective tools for increasing organizational productivity and performance and, at the same time, help employees feel valued, encouraged and satisfied. For organizational mentoring and coaching programs to be effective in knowledge sharing practices, they must be leveraged in the proper method. Most importantly, the choice of whether to use mentoring or coaching should be based on a shared understanding of what each method of learning offers to the employee and is the best fit for the identified need (Watt, 2004).

7) Several knowledge sharing sessions per month: Most often, there are reported cases that employees are not comfortable enough in communicating efficiently with their superiors, plus superiors are far too busy to focus on the employee's L and D activities continuously. Overcoming the barrier action like organizing peer-to-peer sessions and sharing, discussing, encouraging the employees to meet up with their colleagues and conduct an informal/formal knowledge sharing session is far more effective than individual training programs. This metric will convey whether the employees frequently get together to share their experiences at work.

8) Best practices documentation: Blueprint of infrastructure is no longer a luxury, but it is a necessity (Nance, 2005). Most companies rely on workers remembering all the details of the current enterprise IT infrastructure and communicating those details to other workers on demand. A misunderstanding, a bit of forgetfulness or a spate of employee turnover wreaks the costly havoc

in such an organization. A better approach is to get the enterprise IT infrastructure details out of people's heads or out of people's computer files and into some form of easily understood, standardized and consolidated IT documentation. Proper IT documentation is accurate and easy to understand. People, who need to troubleshoot network problems, make networking changes or understand the current network configuration, doing their jobs more easily, quickly and correctly if an organization has accurate, comprehensive and up-to-date IT documentation that employees can easily reference.

From (Table 3), it is discerned that it is vital to check whether PDPs are available for every employee along with good coaching and mentoring relationships in the organization as both metrics have an aggregate of 27. Other metrics like knowledge sharing sessions, best practices documentation, and adequate L and D hours per FTE may prove to be useful in enhancing and equipping the knowledge accessibility measures. On the other hand, the respondents claim that the average reading hours in an employee's PDP are not that useful as it depends on the absorptive capacity of the employee. Keeping a tab on bulletin distribution also has the same limitation. Therefore, their given scores are only 17 and 19. Taking the appropriateness of the model into consideration, the measure of average reading hours in a PDP stands eliminated from the model.

HR driver 4

Workforce optimization: Developing a workforce that maintains a company's success is a common challenge that many business owners, administrators, managers and team leaders must face. These are guidelines for how to develop a productive workforce (Teresa, 2012):

1. List and identify the key result area.
2. Consider the scope of the projected tasks.
3. Organize the workforce in a way that promotes teamwork.
4. Provide additional training.
5. Hold employees accountable for their productivity.
6. Assess productivity regularly.
7. Use reinforcement.

Table 3: Knowledge of accessibility metrics

HR Metric	Scores	Aggregate	Decision
L&D Investment per FTE	3,3,3,4,3,3,3	22	✓
L&D Hours per FTE	3,4,4,3,3,3,4	24	✓
Availability of PDP for every employee	3,4,4,4,4,4,4	27	✓
Average Reading hours in an employee's PDP	3,2,3,3,2,2,2	17	✗
No. of bulletin distributed to employees	3,2,3,3,3,2,3	19	✗
No. of mentoring and coaching relationships	3,4,4,4,4,4,4	27	✓
No. of knowledge sharing sessions per month	3,3,4,3,4,4,4	25	✓
Best Practices Documentation	3,3,3,4,4,4,3	25	✓

Planning and implementing a robust plan for workforce optimization also requires healthy talent management practices, starting from the recruitment phase until the phase of employee's separation from the company. The HR department should also make sure to devise a few observatories as well as weighable measures to quantify the after-effects of managing the workforce wisely.

1) ROI per employee: What is the point in running a business and employing the people that needs to measure their impact? Measuring the ROI of an employee is a good pointer for a full organizational developmental analysis. ROI means the number of benefits from each employee against their cost.

2) Overtime per individual contributor headcount: The employees are consuming many overtime hours this informs the strong signal of inefficiency among the workforce design. An optimally utilized workforce always tends to wrap up its responsibilities within the stipulated time without any compromise in quality. Therefore, calculating the average number of overtime hours consumed by each will give the HR department a hint as to whether every employee's ability is being utilized efficiently.

3) Absenteeism costs: Reduced absenteeism costs are also a measure that puts across a strong message of proper utilization of the workforce.

4) Time to Fill – External: Checking and rechecking the number of days that takes for a new hire to begin work from the day a job requisition was stated and approved, states the quickness of the recruitment officer's work to ensure that there is no lagging in targets' achievement for that particular job.

5) Time to Fill – Internal: This metric resembles the aforementioned external fill speed but applies the same to internal fill speed, right from the start of the job posting date to the phase of the internal hire being approved by the superiors.

6) The average percentage of performance rating in a year: At the start of every performance period, there happens a strategic meeting during which company goals are set and these goals are converted into actionable targets. These targets are cascaded down from the company level to department level to manager level to the employee level. When the employees receive their respective targets, there is a considerable possibility that two or more employees perform incredibly well that eventually leads to the department's target achievement. Though there is the achievement of targets by the department, the fact remains that the other employees have fallen short by their targets, other than one or two and indicates the under-utilization of the employee capabilities. With this measure in hand, at the end of every performance appraisal stage, there is clarity about whether the workforce performance is excellent/acceptable/needs improvement.

The measure of the workforce is optimally utilized and to reap the result expected, on measuring the Average Performance Rating (27) of all the employees in an IT company. The values indicate HR managers' claiming that their unit employees have performed at an equally high level (Table 4). All other metrics under this HR driver is rated between the range of 20, 21 and 22. Thence, there is the elimination of no metrics from the model as all the six metrics are useful according to experts.

HR driver 5

Learning capacity: The ability to exploit external knowledge is thus a critical component of innovative capabilities. The argument is that the ability to evaluate and utilize outside knowledge is mostly a function of the level of prior related knowledge.

At the most elemental level, this prior knowledge includes necessary skills or even a shared language but may also include knowledge of the most recent scientific or technological developments in a given field. Thus, prior related knowledge confers an ability to recognize the value of new information, assimilate it and apply it to commercial ends. These abilities collectively constitute and are known as the firm’s “absorptive capacity” (Cohen and Levinthal, 1990). An organization’s absorptive capacity will depend on the absorptive capacities of its members. Entrants are often viewed as suffering from a “liability of newness” - at the founding; they rarely possess the knowledge and capabilities necessary to compete and survive.

Table 4: Workforce optimization metrics

HR Metric	Scores	Aggregate	Decision
ROI per employee	3,3,3,3,3,3,3	21	✓
Overtime per Individual Contributor Headcount	3,3,4,2,3,4,3	22	✓
Absenteeism Costs	3,3,3,3,4,3,3	22	✓
Time to fill - External	3,3,3,3,3,3,2	20	✓
Time to fill - Internal	3,3,3,3,3,3,2	20	✓
Average Percentage of Performance Rating in a year	4,4,4,3,4,4,4	27	✓

It is possible to overcome the liability by learning vicariously from the knowledge of incumbent firms. However, entrants face challenges in learning from external knowledge as they lack the prior related knowledge that forms the basis of absorptive capacity. Therefore, it is essential that recruitment activities are designed with no loopholes for infringement. The following are some of the measures employed to estimate the learning capacity of an employee when being inducted into an organization.

1) Individual development plan progress or completion: Tracking the completion of developmental activities by the employees, according to the Individual Development Plan (IDP) is an excellent way to observe the learning capability of the employees.

2) Several training modules underwent by an employee in a year: Companies that offer its employees the facility to undergo various training modules as an option, other than the compulsory modules, also scrutinize the learning capacities of its employees by checking if the employees are taking up voluntary training schedules to learn new things.

3) Aptitude tests: These are designed to test the specific skills of a candidate. They attempt to give an employer an objective indication of a candidate’s abilities in areas like:

- a) *Verbal reasoning* - critical evaluation of written information and reading comprehension.
- b) *Numerical reasoning* - logical interpretation of numerical and statistical information.
- c) *Abstract, mechanical or spatial reasoning* - pattern recognition, logic and how quickly a candidate may be able to learn and master a new task.

4) Personality tests: The costs of making bad hiring decisions and the difficulties of getting meaningful information from reference checks of prospective employees have led many employers to use personality tests as part of their hiring process (Stabile, 2002). Personality assessments form a crucial part of the recruitment and selection process. It is instrumental in examining candidates’ personality traits with those that are ‘essential’ or ‘desirable’ in the role, compare the prospective candidates in terms of what they would bring to the role and compare candidates’ profiles with an ‘ideal’ candidate profile. These assessments also provide people with means of identifying their strengths to help them look at areas to develop the people in their place in roles that allow their talents are maximized.

The main psychometric tools used to assess the personal style, traits and behaviours are:

- 16PF5
- Belbin Team Roles
- Myers Briggs (MBTI)
- DiSC

Employers choose from a wide variety of tests in an effort to both weed out job candidates with undesirable traits, such as dishonesty, or tendencies toward violence or tardiness, and to judge the “fit” between the prospective employee and the

job by seeking to identify prospective employees possessing personality traits likely to predict success in the job in question. Table 5 distinctly states that all the four metrics devised to measure the learning capacity of employees would prove to be useful in helping to pave the developmental path for the firm and its human resources. Based on the analysis of the aggregate scores, the model was refined through the elimination of metrics rated as least outstanding. The 'Basic Metric Model – EBHR,' that is a conceptual framework designed with the help of both literature review and expert opinion (see Fig 2).

Other findings:

1) A 360° feedback systems and employee engagement surveys are vastly gaining popularity and are being recognized as essential tools to revamp the leadership practices and to motivate the human capital that will lead to enhanced organizational performance.

2) IT firms that have a more substantial operating mode, as well as several branch units in various cities, ensure workforce optimization in every unit by measuring the average performance rating of the employees at the end of every performance review and appraisal.

3) The availability of positive coaching and mentoring relationships that guide the employees in progressing through their PDP is a useful component that ensures the easy accessibility of knowledge for the employees to benefit in this plan of action.

4) Another finding from this study is that despite the companies equipping their knowledge bases and increasing their L and D hours for each employee, the absorptive capacity of the individuals will decide the 'Transfer of training' in the workplace. Hence, it is vital that recruitment activities are tailored to spot the right talent that will best fit the organization.

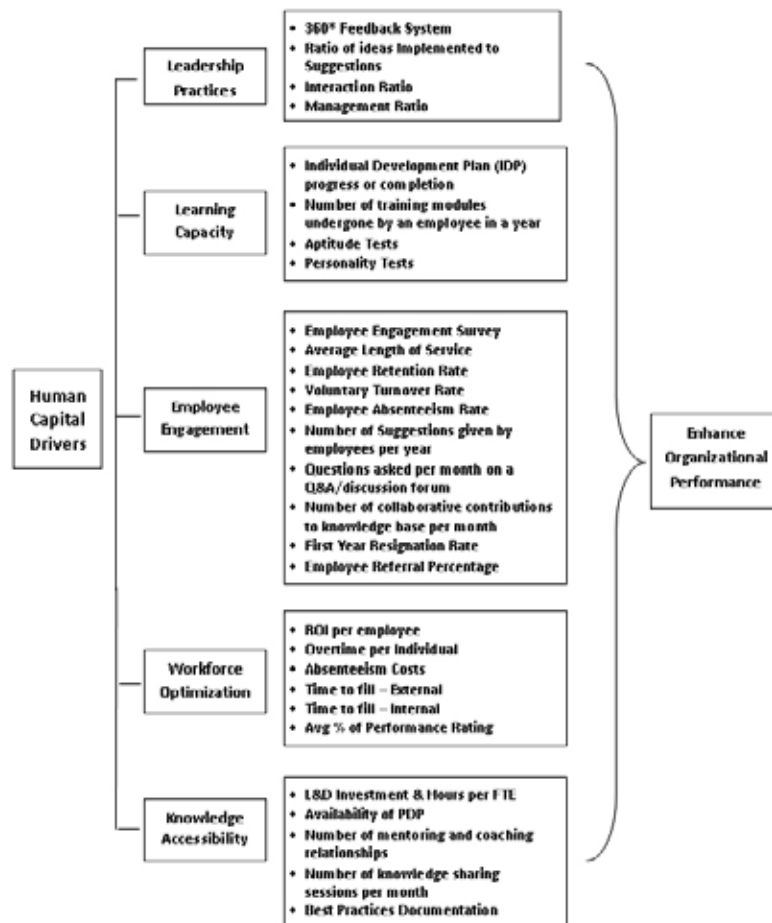


Figure 2: Conceptual Frameworks 'Basic Metric Model – EBHR'

Suggestions:

While undertaking a 360° feedback process, the HR managers induct the element of transparency as one of the dimensions of ethical leadership practice, as the transparency levels will indicate the readiness of the executives and managers to be candid with the employees.

Table 5: Learning capacity metrics

HR Metric	Scores	Aggregate	Decision
Individual Development Plan (IDP) progress or completion	3,3,3,2,2,3,3	19	✓
No. of training modules undergone by an employee in a year	3,2,4,2,3,3,3	20	✓
Aptitude Tests	3,3,3,3,4,3,3	22	✓
Personality Tests	3,3,3,3,4,3,3	22	✓

IT firms that fall under the SME level may not offer an intranet facility to its employees for one or the other reasons. Therefore, the metrics suggested for intranet engagement will not apply to those firms. Instead, the firms may concentrate on the number of ideas put forward by employees in a year for the improvement of the organization.

For estimating the learning capacity of the employees, the HR managers may check the entry skill level and exist skill level after the training programs are completed, thus shows skill level improvised. Companies finding it challenging to start the right way with structured coaching and mentoring programs begin with informal procedures such as shadowing before plunging into formal tie-ups. Gaps in actual job-specific competencies and the desired level of competency for each employee are measured to enforce proper workforce optimization.

There are also metrics like career path ratio that is the ratio of promotions to transfers that occurred within a period. A career path ratio of 0.5 (i.e., a ratio of 1:2) means that there were two transfers for each promotion that occurred within the period and used to gauge the success of the internal development of managers.

Metrics for job rotation may also prove to be useful in assessing the readiness and ability of the employees to adapt to various work environments and over and above it, display high engagement levels too (High rotate retention rates – the average percentage of job rotation is usually three years following a rotation compared to the retention rate of non-participants.)

Conclusion

Realizing the strategic richness present in an evidence-based HRM practice, this study has met its objectives by designing a conceptual framework for a basic metric model that is implemented in IT firms (Prasad and Suar, 2010). However, the conceptual framework has reached only the first stage of validation by gaining expert opinions of various IT-HRM professionals. For the model to reach the next stage of robustness, it must be further validated by endeavoring to implement the same as a pilot study in an IT firm, collect data required and convert the data to metrics. Leading this pave, the way for the HR professionals to examine whether the relativity of the metric model to strategic cohesiveness is fundamentally strong as claimed by the study.

Final thoughts: The potential for predictive HR metrics is significant and the value-added process is achieved while it is linked to financial metrics, such as revenue or profit for FTE. On leveraging the critical HR metrics to predict outcomes, organizations might identify the potential issues as a feed-forward mechanism that has the financial impact and also formulate a strategy for intervention.

Organizations may devise analytic measures to move awareness of the excellence of their human capital audit. The critical considerations that enable predictive analytics and advanced workforce planning are to use the HR matrix as a niche approach in a smaller department. Also, these metrics are critical components for analysis to quantify the ROI of workforce decisions, identify employee success profiles and develop the right talent management strategy at any organization. The influence of measurement may be performed across all elements of the employee lifecycle.

With the HR metrics on the organization culture and employee, results give scope for HR manager the credibility to make business and workforce strategy

decisions by identifying cost savings opportunities, improving retention of key talent and increasing workforce productivity and efficiency. Organizations leveraging on the data-driven decisions making for the workforces not only outperform their competitors but also are better positioned to meet workforce and business demands for the future.

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